

84TH CONGRESS	}	HOUSE OF REPRESENTATIVES	}	REPORT
1st Session				No. 745

TRADE AGREEMENTS EXTENSION ACT OF 1955

JUNE 9, 1955.—Ordered to be printed

Mr. COOPER, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 1]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 18.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, and 27, and agree to the same.

Amendment numbered 13:

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and in the House engrossed bill—

On page 7, line 17, after "If" insert: (*in order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955*)

On page 7, line 20, strike out "(D) or (E)" and insert: (C) or (D)

On page 8, line 5, strike out "effect" and insert: *equivalent*

On page 8, line 6, strike out "(iii)" and insert: (ii)

And the Senate agree to the same.

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Amendment numbered 28:

That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 6. (a) Subsection (b) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (b)), is amended by adding at the end thereof the following: "Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed substantially towards causing or threatening serious injury to such industry."

(b) Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is amended by adding at the end thereof the following new subsection:

"(c) As used in this Act, the terms 'domestic industry producing like or directly competitive products' and 'domestic industry producing like or directly competitive articles' mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities. In applying the preceding sentence, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles."

And the Senate agree to the same.

Amendment numbered 29:

That the House recede from its disagreement to the amendment of the Senate numbered 29 and agree to the same with an amendment as follows:

On page 3 of the Senate engrossed amendments, lines 7 and 8, strike out "the existence of such facts" and insert in lieu thereof *that the article is being imported into the United States in such quantities as to threaten to impair the national security*

And the Senate agree to the same.

JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,

Managers on the Part of the House.

HARRY F. BYRD,
WALTER F. GEORGE,
By Harry F. Byrd

ROBT. S. KERR,
E. D. MILLIKIN,
EDWARD MARTIN,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: Section 350 of the Tariff Act of 1930 authorizes the President to enter into foreign trade agreements with foreign governments or instrumentalities thereof. The House bill added language to section 350 specifically stating that this authority is authority to enter into agreements containing provisions with respect to international trade, including provisions relating to tariffs, to most-favored-nation standards and other standards of nondiscriminatory treatment affecting such trade, to quantitative import and export restrictions, to customs formalities, and to other matters relating to such trade designed to promote the purpose of section 350 similar to any of the foregoing, provided that no such provision shall be given effect in the United States in a manner inconsistent with existing legislation of the United States. The Senate amendment struck out the language added by the House bill. The House recedes.

Amendment No. 2: This is a conforming amendment. The House recedes.

Amendment No. 3: The House bill provided that the enactment of the bill shall not be construed to determine or indicate the approval or disapproval by the Congress of organizational provisions of any foreign trade agreement entered into under section 350. The Senate amendment provided that the enactment of the bill shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade. The House recedes.

Amendments Nos. 4 and 9: In the case of a trade agreement entered into under the existing provisions of section 350 of the Tariff Act of 1930, any rate of duty may be decreased to a rate not lower than 50 percent below the rate existing on January 1, 1945. Subparagraph (C) of section 350 (a) (2), as contained in the House bill, continued this authority for agreements entered into before June 12, 1955.

Subparagraph (E) of section 350 (a) (2), as contained in the House bill, applied only with respect to a foreign trade agreement entered into by the President on or after June 12, 1955, to which the Government of Japan is a party and with respect to which notice of intention to negotiate was published on November 16, 1954 (19 F. R. 7379). In the case of such an agreement, if the President determines that such decrease is necessary in order to provide expanding export markets for products of Japan (including such markets in third countries), this subparagraph authorized a decrease in a rate of duty to a rate not lower than 50 percent below the rate existing on January 1, 1945.

Senate amendment No. 9 struck out subparagraph (E). However, Senate amendment No. 4 added to subparagraph (C) authority to decrease any rate of duty to a rate not lower than 50 percent below the rate existing on January 1, 1945, to carry out the foreign trade agreement involving Japan. The House recedes on amendments Nos. 4 and 9.

Amendment No. 5: This is a clerical amendment. The House recedes.

Amendment Nos. 6, 7, and 8: Subparagraph (D) of section 350 (a) (2) of the Tariff Act of 1930, as amended by the House bill, fixed maximum limits on decreases in rates of duty which may be made to carry out trade agreements (other than the agreement involving Japan) entered into on or after June 12, 1955. A rate of duty could be reduced under the three alternative methods provided in clauses (i), (ii), and (iii).

Clause (i) authorized decreases in any rate to 15 percent below the rate existing on July 1, 1955. Senate amendment No. 6 changed the July 1, 1955, date to January 1, 1955. The House recedes.

Clause (ii) authorized decreases in any rate to 50 percent of the rate existing on January 1, 1945, on products which are normally not imported into the United States or which are normally imported in negligible quantities. Senate amendment No. 7 eliminated this authority. The House recedes.

Clause (iii) authorized decreases in rates of duty which are higher than 50 percent ad valorem (or equivalent) to 50 percent ad valorem (or equivalent). Senate amendment No. 8 redesignated clause (iii) as clause (ii). The House recedes.

Amendment No. 9: For explanation of the effect of this amendment, see explanation of amendment No. 4.

Amendment No. 10: This is a clerical amendment. The House recedes.

Amendments Nos. 11 and 12: These amendments conform the bill to the change in dates made by amendment No. 6. The House recedes.

Amendment No. 13: Subparagraph (D) of section 350 (a) (3) of the Tariff Act of 1930, as contained in the House bill, authorized the President in making changes in rates under the section to round out rates of duty within the limits specified in the bill. Senate amendment No. 13 struck out this provision. The House recedes with technical and conforming changes.

Amendment No. 14: The House bill contained a provision requiring the President, in exercising his authority under section 350 of the Tariff Act of 1930, to avoid, to the maximum extent he deems practicable and consistent with the purpose of section 350, the subdivision of classification categories. Senate amendment No. 14 struck out this provision. The House recedes.

Amendments Nos. 15, 16, and 17: These are clerical amendments. The House recedes.

Amendment No. 18: This is a clerical amendment. The Senate recedes.

Amendments Nos. 19 and 20: These are clerical amendments. The House recedes.

Amendment No. 21: This amendment conforms the bill to the change in dates made by amendment No. 6. The House recedes.

Amendment No. 22: This is a clerical amendment. The House recedes.

Amendment No. 23: Subparagraph (C) of section 350 (c) (2), as contained in the House bill, provided that if the trade agreement involving Japan was entered into before July 1, 1955, the rate of duty on any article included in such agreement was (for purposes of the provisions relating to the 15-percent decrease authority) to be considered to be the rate "existing on July 1, 1955". The Senate amendment struck out this provision. The House recedes.

Amendments Nos. 24 and 25: These are clerical amendments. The House recedes.

Amendment No. 26: This amendment added a provision to section 350 (e) of the Tariff Act of 1930 requiring the Tariff Commission to continue to make the report to Congress on the operation of the trade agreements program which is now being made under Executive order. The House recedes.

Amendment No. 27: The last sentence of section 7 (a) of the Trade Agreements Extension Act of 1951 (which relates to escape clause proceedings) now provides that the Tariff Commission shall transmit to the Committee on Finance of the Senate, and to the Committee on Ways and Means of the House of Representatives, an exact copy of its report and recommendations to the President. Such copy is to be transmitted within 60 days (or sooner if the President has taken action under sec. 7 (c) of such act).

This amendment replaced the last sentence of section 7 (a) of such act. Under the amendment the Tariff Commission is required to make public immediately its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and to cause a summary thereof to be published in the Federal Register. The House recedes.

Amendment No. 28: This amendment adds a new section 6 to the bill.

Subsection (a) of the new section 6 amended section 7 (b) of the Trade Agreements Extension Act of 1951 by adding the following:

Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

Under the conference agreement the words "contributed materially to the serious injury or the threat of serious injury to such industry" are replaced by the words "contributed substantially towards causing or threatening serious injury to such industry".

It is the consensus of all the conferees on the part of both the House and the Senate that, for purposes of the language added to section 7 (b) of the Trade Agreements Extension Act of 1951 by this amendment, increases in imports are not to be set apart from other relevant factors and dealt with on an exclusive basis. The Tariff Commission must look at all the factors listed in the first sentence of section 7 (b) of such act, and at all other relevant factors, and (in order that the amendment may apply) must find (1) that imports (either actual or relative) have increased as a result, in whole or in part, of the duty or other customs treatment reflecting the trade agreement concession; (2) that there has been serious injury or threat

of serious injury to the domestic industry; and (3) that the increased imports have contributed substantially toward causing or threatening the serious injury.

Subsection (b) of the new section 6 added by Senate amendment No. 28 related to the definition of the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" for purposes of the "peril point" and "escape clause" provisions.

Under the first part of the definition, as contained in the Senate amendment, these two terms were defined to mean—

that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles.

Under the conference agreement this language is retained but with the requirement that the production be in commercial quantities.

The second part of the definition, as contained in the Senate amendment, would have included within the definition of the two terms provisions relating to the production of raw materials or other components of such competitive products or articles. The conference agreement eliminates this part of the definition.

The conference agreement also replaces the last sentence contained in the Senate amendment with a sentence providing that in applying the defined terms, the Tariff Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles from the operations of such organizations involving other products or articles.

Although the amendment uses the plural in referring to "producing organizations", the provisions of this amendment are equally applicable with respect to any industry for which there is only one producing organization.

Amendment No. 29: This amendment added a new subsection to section 2 of the act of July 1, 1954 (which act provided a 1-year extension of the sec. 350 authority), reading as follows:

(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.

The House recedes with a clarifying amendment striking out "the existence of such facts" in the second sentence and inserting "that the article is being imported into the United States in such quantities as to threaten to impair the national security".

In connection with amendment No. 29, it is the understanding of all the conferees, both House and Senate, that it is not intended to, and does not, diminish or impair any authority the President may have under other law. For example, it was emphasized that if the President sees fit to stockpile critical materials under any other law, that action may be taken wholly aside from the authority contained in this amendment. Conversely, action under the new provision may

be taken wholly aside from the authority contained in any other law.

It is also the understanding of all the conferees that the authority granted to the President under this provision is a continuing authority and that prior action taken under this provision may be modified, suspended, or terminated in the light of changed circumstances.

JERE COOPER,
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Managers on the Part of the House.

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